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State Dept. review completed

NSC BRIEFING

21 July 1954

INDOCHINA

1. With armistice achieved, main French effort apparently to maintain "presence" in south, to detriment of possibly more effective and popular type Vietnamese government, able rally nationwide support.

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B. French are cool toward Diem government and fear Diem's public outcries against abandonment of Tonkin may unsettle truce.

- 1. At Diem's direction, Vietnam delegation at Geneva has formally protested truce terms.**
- 2. General Ely told Ambassador Heath in Saigon that he would take strong action against any Vietnam-incited disorders, even to extent of arresting Diem if necessary.**
- 3. Diem has already organized anti-partition demonstrations in Hanoi and Saigon. Demonstrations were orderly.**
- 4. High Vietnamese official at Geneva has warned that any French repression of "genuine nationalists" would force nationalists into coalition with Communists against France, as primary obstacle to independence.**

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II. Even under optimum conditions, Vietnam government will be hard put to pose serious challenge to Viet Minh in scheduled 1956 elections.

- A. Present Diem regime, long on zeal, is short on administrative ability.
- B. Tremendous problem of rooting out corruption aggravated by Bao Dai's continued profitable association with corrupt police force.
- C. Assets in political warfare against Viet Minh, most notably issue of Chinese Communist domination latter, more than offset by Vietnamese fear French intend to remain on top in what's left of Vietnam.

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